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*In this week's recap: as fears of economic shutdown diminish, the U.S. economy gains momentum.*

# Weekly Economic Update

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*Presented by Don Clark, MBA, CFP®, June 22, 2020*

## THE WEEK ON WALL STREET

Stocks moved higher last week on news of more Federal Reserve market support and diminished concerns that new COVID-19 cases might lead to another economic shutdown.

The Dow Jones Industrial Average rose 1.04%, while the Standard & Poor's 500 gained 1.86%. The Nasdaq Composite Index jumped 3.73% for the week. The MSCI EAFE Index, which tracks developed overseas stock markets, increased 1.88%.<sup>1,2,3</sup>

## INVESTOR SENTIMENT

News on Monday that the Fed would be expanding its bond-buying program to include the debt of individual companies sparked a sharp jump in stocks. The momentum gained through the week as investors focused on positive economic signals, especially with retail sales. A midweek report of an effective COVID-19 treatment for critically ill patients boosted investor optimism.

Market sentiment also was helped by talk of more fiscal stimulus and a report that China would be moving ahead with agricultural purchases to comply with phase one of the trade deal, easing concerns over growing friction in the U.S.-China relationship.

## MIXED ECONOMIC DATA

Last week's economic data illustrated the uneven nature of the nation's nascent economic recovery.

Retail sales, which were up by 17.7% in May, reflected a strong, encouraging rebound in the U.S. consumer. Consumer spending was particularly strong in clothing, furniture, sporting goods, and autos. <sup>4,5</sup>

But industrial production (up by only 1.4%) and new housing starts (ahead by just 4.3%) showed tepid rebounds, indicating that recovery has yet to reach all corners of the American economy. Jobless claims posted their best number since mid-March (1.5 million), but remained high by historical standards. <sup>6,7,8</sup>

## FINAL THOUGHTS

Last week saw the flare-up of border tensions in two geopolitical hotspots: North Korea and the disputed border region between China and India. The hope, of course, is that escalation can be avoided through diplomacy, but any heightening in tensions may become a concern for global markets.

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### TIP OF THE WEEK



*Update your will. It is just as important as having one. If you drafted a will years ago, the information is likely in need of some adjustments. Be sure to revisit your will often and keep it up to date.*

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## THE WEEK AHEAD: KEY ECONOMIC DATA

**Monday:** Existing Home Sales.

**Tuesday:** New Home Sales.

**Thursday:** Durable Goods Orders. Gross Domestic Product (GDP). Jobless Claims.

**Friday:** Consumer Sentiment.

Source: Econoday, June 19, 2020

The Econoday economic calendar lists upcoming U.S. economic data releases (including key economic indicators), Federal Reserve policy meetings, and speaking engagements of Federal Reserve officials. The content is developed from sources believed to be providing accurate information. The forecasts or forward-looking statements are based on assumptions and may not materialize. The forecasts also are subject to revision.

## THE WEEK AHEAD: COMPANIES REPORTING EARNINGS

**Wednesday:** KB Home (KBH).

**Thursday:** Accenture Plc (ACN), Darden Restaurants (DRI).

Source: Zacks, June 19, 2020

Companies mentioned are for informational purposes only. It should not be considered a solicitation for the purchase or sale of the securities. Investing involves risks, and investment decisions should be based on your own goals, time horizon, and tolerance for risk. The return and principal value of investments will fluctuate as market conditions change. When sold, investments may be worth more or less than their original cost. Companies may reschedule when they report earnings without notice.

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### QUOTE OF THE WEEK



*“We do not quit playing because we grow old, we grow old because we quit playing.”*

OLIVER WENDELL HOLMES

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Market Index	Close	Week	Y-T-D
DJIA	25,871.46	+1.04%	-9.35%
NASDAQ	9,946.12	+3.73%	+10.85%
MSCI-EAFE	1,801.43	+1.88%	-11.56%
S&P 500	3,097.74	+1.86%	-4.12%



	Treasury	Close	Week	Y-T-D
	10-Year Note	0.70%	-0.01%	-1.22%

Sources: The Wall Street Journal, June 19, 2020; Treasury.gov, June 19, 2020

Weekly performance for the Dow Jones Industrial Average, Standard & Poor's 500 Index, and NASDAQ Composite Index is measured from the close of trading on Friday, June 12, to Friday, June 19, close. Weekly performance for the MSCI-EAFE is measured from Friday, June 12, open to the Thursday, June 18, close. Weekly and year-to-date 10-year Treasury note yield are expressed in basis points.

## THE WEEKLY RIDDLE



*What is the only planet within our solar system that rotates clockwise?*

*LAST WEEK'S RIDDLE: The names of two U.S. state capital cities rhyme but share no vowels. Can you name the two cities?*

*ANSWER: Austin and Boston.*

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#### CITATIONS:

- 1 – The Wall Street Journal, June 19, 2020
- 2 – The Wall Street Journal, June 19, 2020
- 3 – The Wall Street Journal, June 19, 2020
- 4 – The Wall Street Journal, June 16, 2020
- 5 – The Wall Street Journal, June 16, 2020
- 6 – MarketWatch, June 16, 2020
- 7 – CNBC, June 17, 2020
- 8 – The Wall Street Journal, June 18, 2020

#### CHART CITATIONS:

- The Wall Street Journal, June 19, 2020
- The Wall Street Journal, June 19, 2020
- Treasury.gov, June 19, 2020